

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 1278
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
USMISSION OECD PARIS
USMISSION GENEVA
USNMR SHAPE

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PASS LABOR, AGRICULTURE, TREASURY AND FRB

E. O. 11652:NA
TAGS: ELAB, UK, EEC
SUBJECT: THE NEXT PAY ROUND: JONES "UPS THE ANTE"

REF: LONDON 3112

1. WHEN JACK JONES MAKES A PRONOUNCEMENT, MANY IN
BRITAIN--PARTICULARLY THOSE IN THE GOVERNMENT LEADER-
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SHIP--SIT UP AND TAKE NOTICE. LAST NIGHT (MARCH 3),
SPEAKING ON BEHALF OF THE ENTIRE EXECUTIVE COUNCIL
OF THE TRANSPORT AND GENERAL WORKERS UNION (TGWU),
JONES "UPPED THE ANTE" IN THE PRE-PAY ACCORD
SKIRMISHES (REFTEL) BY CALLING FOR AN IMMEDIATE--AND
STATUTORY--PRICE FREEZE, INCLUDING FUELS AND TRANSPORT
FARES, IN ADDITION TO GOVERNMENT ACTION TO CUT TAXES

FOR THE LOW-PAID AND TO REDUCE UNEMPLOYMENT.

2. JONES' STATEMENT GOES FURTHER THAN THE TUC GENERAL COUNCIL'S CURRENT POLICY, ALTHOUGH THE TUC HAS, IN FACT, MADE IT CLEAR TO THE GOVERNMENT THAT IT WOULD NOT BE ABLE TO RECOMMEND A THIRD PAY ROUND UNLESS PRICE CONTROLS WERE MADE TOUGHER. JONES, HOWEVER, WHILE CALLING FOR A LEGALLY-ENFORCED PRICE FREEZE, DID NOT MAKE SUCH ACTION A PRECONDITION TO A THIRD ROUND AND IN FACT SAID THAT THERE SHOULD BE AN ORDERLY RETURN TO FREE COLLECTIVE BARGAINING. BUT WHEN QUESTIONED BY REPORTERS AFTER THE TGWU EXECUTIVE COUNCIL MEETING, HE SAID THAT UNLESS THE PRICE SPIRAL WERE CHECKED AND TAX CUTS FOR THE LOWER PAID WERE INSTITUTED, IT WOULD BE VERY DIFFICULT FOR UNIONS TO RESIST PRESSURE FROM THEIR RANK AND FILE FOR HIGHER PAY AS COMPENSATION FOR INFLATION.

3. JONES SAID THAT FOOD PRICES HAD GONE UP BY 21 PER CENT OVER THE YEAR TO FEBRUARY 18, TRANSPORT FARES BY AN AVERAGE OF 60 PER CENT, FUEL AND LIGHTING BY 19 PER CENT, WITH AN OVERALL RETAIL PRICE INDEX RISE OF 16.6 PER CENT. HE CLAIMED THAT COMPANIES' NET TRADING PROFIT HAS RISEN DRAMATICALLY DURING THE YEAR, AND THAT THESE PROFIT MARGINS COULD ACCOMMODATE A DROP IN SOME PRICES. THE TGWU STATEMENT ALSO CALLED FOR OPPOSITION TO DEVALUATION OF THE EC "GREEN POUND" AND TO ANY INCREASES IN EC INSTITUTIONAL PRICES FOR COMMODITIES WHERE INTERVENTION HAS TAKEN PLACE, AS LIMITED OFFICIAL USE

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WELL AS A CUT IN INTERVENTION PRICES FOR DAIRY PRODUCTS. THE UNION ALSO CALLED FOR A MAJOR REFORM OF THE CAP TO ACCOMMODATE CHEAPER GOODS FROM COUNTRIES SUCH AS NEW ZEALAND, AND IT INSISTED ON A RETENTION OF FOOD SUBSIDIES.

4. CBI REACTION TO JONES' STATEMENT IS EXPECTED TO BE VERY HARSH. CBI HAS ALREADY REGISTERED STRONG OPPOSITION TO GOVERNMENT PROPOSALS FOR A TOUGHER, THOUGH MORE FLEXIBLE, PRICE CONTROL MECHANISM WHEN THE PRICES COMMISSION EXPIRES THIS SUMMER. IT IS DIFFICULT TO SEE HOW THE GOVERNMENT CAN ACCEPT THE MORE DRACONIAN SUGGESTIONS MADE BY JONES. PRICE INFLATION--PERHAPS EVEN MORE THAN UNEMPLOYMENT LEVELS--APPEARS TO HAVE BECOME THE MAJOR PRE-OCCUPATION OF THE TRADE UNIONS, PARTICULARLY DURING THE RUN-UP TO THE PAY DISCUSSIONS. THE TGWU VIEWS ARE LIKELY TO INFLUENCE TUC POLICY, AND THIS WILL ADD TO THE PROBLEMS OF NEGOTIATING A MEANINGFUL THIRD WAGE ROUND.

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Message Attributes

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Sent Date: 04-Mar-1977 12:00:00 am
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Disposition Case Number: n/a
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Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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